THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULI RAMAIAH): (a) among various factors, FIBO has cited operational problems like truck operator stricke and delay in fixation of DEPB rates as reasons for slump in exports by 10.8% in the month April, 1997.

(b) and (c) No, Sir. The DEPB rates have already been notified for as many as 1492 entries in the Standard Input Output Norms (SION) where value addition norms were available, thus covering practically all the entries where SION with value addition norms exists.

Agreement between STC and Gujarat for export of Salt and Minerals

1447. SHRI GOPALSINH G. SOLANKI: Will the Minister of COMMERCE be pleased to state:

(a) whether any agreement has been signed between the State Trading Corporation and Government of Gujarat regarding export of salt and minerals during the last three years;

(b) if so, the details thereof and the value of items exported;

(c) whether STC has drawn any action plan to promote the export of items manufactured in the State:

(d) if so, the details thereof; and

(e) whether it has been considered to send a team of experts from the STC to Gujarat to encourage the small and enterprising exporters in the State?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULI RAMAIAH): (a) No, Sir.

(b) to (c) STC generally does not enter into agreements with the State Governments for promotion of exports from the concerned State. In Gujarat, STC has offices in Ahmedabad and Kandla which handle exports of various items from the State as also from other regions. The items currently being exported by STC from Gujarat includes castor oilseeds, HPS Groundnut, Chemicals & Drugs and miscellaneous agro products. For exports of these items, STC enters into requisite contracts with the suppliers concerned from time to time. STC do not propose to mount any special team to Gujarat.

Pending Cases of Provisional Assessment of Excise Duty

1448. SHRI O.P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a large number of cases of provisional assessment involving excise duty to the tune of Rs. 2,080 crore have been pending finalisation for the last 2-3 years while some have been pending for over 10 years;

(b) if so, the reasons for the delay in finalising the cases; and

(c) what action does Government propose to take in this matter?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (c) The information is being collected and will be laid on the Table of the House.

Making Indian Rupee acceptable in Sri Lanka

1449. SHRI SOM PAL: Will the Minister of FINANCE be pleased to state:

(a) whether the report published under the caption "move to make Indian Rupee acceptable in Lanka" in the 'Hindustan Times' of 24th April, 1997 is correct;

(b) if so, whether there has been any progress in the matter; and

(c) what advantages are supposed to be derived from this measure?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) Yes, Sir.

(b) and (c) In SAARC Summit in 1997 at Male, a reference was received for exploring the possibility of setting up

intra-SAARC Currency conversion arrangement for tourism purposes. The matter was examined in consultation with the RBI and the Exchange Control Division, but no decision has been taken so far.

[1450 Cancelled]

Involvement of NBFCs in Financial Scams

1451. PROF. RAM KAPSE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that a number of non-banking financing institutions are involved in financial scams;

(b) if so, the details thereof with amount involved in each case;

(c) steps taken by Government (i) for recovery of the amounts of losses, (ii) for avoidance of recurrence of such incidents in future;

(d) whether Government have received Khanna Committee's Report;

(e) if so, the recommendations of the Committee; and

(f) action taken/proposed to be taken for implementation of the recommendations?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) According to Reserve Bank of India (RBI) the recent failure of CRB Capital Markets Ltd. (CRBCML) is the only example of a major fraud by a major Non-Banking Financial Company (NBFC). As per the information available with RBI the exposure of various institutions in CRBCML is around Rs.152 crores. Further, the Company had issued over 1,30,000 fixed Deposit Receipts amounting to Rs.186 crores. These are purely provisional figures.

(c) RBI had filed a writ petition in Delhi High Court for appointment of Liquidator. The Delhi High Court have appointed the Official Liquidator as Provisional Liquidator to take stock of the assets of the company with a view to arranging realisation of the assets and settling the claims of creditors in due course in accordance with the provisions of Company Law.

Keeping in view the twin needs of providing adequate protection to the depositors and maintaining the stability of the financial system, the Parliament, in January, 1997 enacted amendments to the RBI Act, 1934 for regulating NBFCs. These measures would facilitate continued liquidity and solvency of NBFCs and are expected to go a long way in enabling the NBFCs to meet the liabilities of depositors as and when they accrue.

(d) and (e) In order to design an effective supervisory framework, RBI had constituted an Expert Group under the Chairmanship of Shri P.R. Khanna Member of Advisory Council of the Board for Financial Supervision (BFS).

The Group has submitted its report and the important recommendations are as under:

Reliance mainly on off-site surveillance for supervision of unregistered NBFCs in view of their large numbers;

Development of a suitable off-site surveillance system for the above purpose;

Shifting all focus on on-site inspection from the present liability side examination to asset side examination;

Preparation of a supervisory watch list of companies to modulating on-site examination;

Very large companies (those with asset size of Rs.500 crore and above) to be supervised on banking supervisory model;

Company profile with various ratios to be developed for comparison with the Peer/industry groups; and